

EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT:
DECEMBER 2005 PROJECT PIPELINE UPDATE

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This report was last updated on **11 January 2006**. The information contained on this report will reflect the status of each project and new project entries.

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I. INTRODUCTION AND GUIDE TO EBRD'S PROJECT PIPELINE:

Project finance is the EBRD's core business. The EBRD has committed more than €22.7 billion (about \$29billion) to both private and state sector projects. All projects provide a number of procurement opportunities. U.S. companies can access information about EBRD's projects through the EBRD's website www.ebrd.com/oppor/procure/opps/index.htm.

The interval between identification of a project and its approval varies in every case. Each entry in the Project Pipeline identifies the status of a particular project in the project cycle.

After loans are approved, entries are dropped from the Project Pipeline and appear on the Projects Approved page of the EBRD's website.

We would like to draw U.S. companies' attention to state sector projects. In that they are followed with international tendering processes, whereas procurement under private sector projects are completed by the EBRD's client. In which case it would be important to contact the EBRD's client directly.

Inclusion of a project in the Bank's Project Pipeline does not imply any commitment on the part of the Bank to finance the project.

New projects, which appear in the Project Pipeline for the first time, are indicated by the abbreviation (N) before the project name. For additional information on any of these projects, interested parties are requested to contact the executing agencies directly and NOT the European Bank.

II. PROJECTS SCHEDULED FOR BOARD CONSIDERATION:

	Project name	Country	Date disclosed
A	Berkeley Capital Partners 2	Russia	22 Dec 2005
B	Chagala Group	Kazakhstan	20 Dec 2005
C	EBRD-Italy Western Balkans Local Enterprise Facility	Regional	14 Dec 2005
D	Bank Republic - Loan	Georgia	13 Dec 2005
E	Uksnab	Ukraine	9 Dec 2005
F	Rousse Water Investment Project	Bulgaria	8 Dec 2005
G	Bericap Kazakhstan	Kazakhstan	6 Dec 2005

A.

Project name: Berkeley Capital Partners 2

Country: Russia

Project number: 35966

Business sector: Equity funds

State/Private: Private

Environmental category: FI

Board date: 24 January 2006

Status: Passed final review, Pending board approval

Date PSD disclosed: 22 December 2005

Date PSD updated:

Project description and objectives:

The proposed project envisages commitment of up to one third of the total aggregate capital commitments of the BCPM II but not to exceed USD 50 million. BCPM II is the successor fund to West Siberia Regional Venture Fund (WSRVF), managed by Berkeley Capital Partners (BCP), a private equity firm.

The fund will seek investment in mid-market companies that demonstrate profitable business models and have potential to be market leaders in the respective industries in Russia. The fund will seek positions of major influence in investments though not necessarily control.

Transition impact:

BCPM II is well-positioned to meet the transition criteria of EBRD by having an experienced and dedicated private equity team in Russia. By investing in the fund, the EBRD will:

1. support a management group evolved from the RVF programme with a very good track record

2. support a private equity fund that will provide much needed capital funding in Russia, and
3. support the development of local private enterprises engaged in different economic sectors.

The active, hands-on involvement of fund managers in their portfolio companies is uniquely suited to investments in this high risk environment.

The client:

BCP, the Fund Manager of BCPM II, was founded by Mr. Dmitry Bosky who began consulting the EBRD in 1995 on the turnaround strategy for a number of its sponsored private equity funds. In 1999 Mr. Bosky became an interim Senior Fund Manager engaged in restructuring of WS RVF. Following a competitive selection process, Mr. Bosky's original company was appointed as the Fund Manager. BCP is a private equity firm with its office in Moscow and Novosibirsk. The Monitor Group ("Monitor"), a leading global strategy consulting and investment firm founded by, amongst others, Harvard Professors Michael Porter and Mark Fuller, will be a strategic commercial partner to the Fund Manager.

EBRD finance:

The Bank commits to invest up to one third of total aggregate capital commitments of BCPM II but not to exceed USD 50 million. The Fund's target size is USD 150 million.

Total project cost:

Up to USD 50 million

Environmental impact:

The Fund will be required to comply with the EBRD's Environmental Procedures for Private Equity Funds. The Procedures include adherence to the Bank's Environmental Exclusion and Referral List. The Fund must ensure that investee companies are compliant with relevant national regulations and standards for environment, labour, health and safety and submit Annual Environmental Reports to the Bank.

Technical cooperation:

None.
For consultant opportunities for projects financed by technical cooperation funds, visit [procurement of consultants](#).

Company contact:

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Business opportunities:

For business opportunities or procurement, contact the client company.

B.

Project name:	Chagala Group
Country:	Kazakhstan
Project number:	36288
Business sector:	Property
State/Private:	Private
Environmental category:	C
Board date:	24 January 2006
Status:	Passed final review, Pending board approval
Date PSD disclosed:	20 December 2005
Date PSD updated:	
Project description and objectives:	The proposed project will enable the client to develop office, residential, and hotel developments in secondary cities of Kazakhstan. Specifically, the Project will provide funds for balance sheet restructuring, development, and construction.
Transition impact:	The project is expected to support the development of secondary cities for which financing is currently difficult. Availability of Class A offices and hotels will help meet the demand in these underserved local markets. The project will also support local subcontractors who will benefit from a know-how and technology transfer from the experienced and foreign Chagala management. The project will also act as an example for the financing of real estate projects with specific terms as well as enforcing transparency and good corporate and legal structure.
The client:	Chagala Hotels LLP is a property development company focused on the Kazakhstan market.
EBRD finance:	Up to USD 64.0 million with syndication to commercial banks.
Total project cost:	To be confirmed.
Environmental impact:	Screened C/1. A corporate environmental audit on the Company have been carried out to examine the Company's environmental due diligence practices and a site assessment on one of the sub-projects is currently underway. The Company is required to adopt and implement the Bank's Environmental Procedures for Multiple Property Developments including compliance of sub-projects at a minimum with national environmental, health and safety standards and requirements as well as good international practice and annual reporting on environmental, health and safety matters to the Bank. For the future sub-project sites, the Company is required to provide environmental due diligence findings for the Bank's review.
Technical cooperation:	None. For consultant opportunities for projects financed by technical cooperation funds, visit procurement of consultants .
Company contact:	Mr. Vernon Page, Group Financial Manager, Chagala Group

E-mail: v.page@chagalagroup.kz

Business opportunities: For business opportunities or procurement, contact the client company.

C.

Project name: EBRD-Italy Western Balkans Local Enterprise Facility

Country: Regional

Project number: 36318

Business sector:

State/Private: Private

Environmental category: C

Board date: 7 February 2006

Status: Inactive

Date PSD disclosed: 14 December 2005

Date PSD updated:

Project description and objectives:

The proposed project provides the Bank with an instrument to meet the growing business of local enterprises, currently not sufficiently supported by other financing sources. The Bank's proceeds will be used by clients for the financing of acquisitions, expansion and/or modernization investments and working capital.

The facility will consist of a EUR 20 million contribution from the EBRD. An additional EUR 10 million to the Facility will be provided by the Italian Government. The proceeds will be used to provide equity, quasi-equity and debt financing to local enterprises in the Western Balkans.

The size of the individual Investments will be in the range of EUR 1 million to EUR 4 million.

Transition impact:

The Facility would introduce a new product specifically designed to address the needs of local private enterprise sector in Western Balkans. Transition impact is expected in the following key areas:

- Competition and market expansion
- Restructuring of the local enterprises, and
- Setting standards of corporate governance and business conduct.

The client: Local private enterprises legally incorporated in Albania, Bosnia & Herzegovina, FYR Macedonia and Serbia & Montenegro.

EBRD finance: EUR 20 million co-financed by EUR 10 million provided by Italian Government to provide equity, quasi-equity and debt financing.

Total project cost: EUR 30 million.

Environmental impact: Sub-projects financed through this Facility will be appraised on a case-by-case basis. Independent environmental studies will be carried out when necessary, with assistance from external consultants to fully understand all environment-related liabilities and

environmental risks associated with a company's operations, and to develop and agree an environmental action plan as required. Clients will be required to comply with national and EU standards for environment, health and safety and provide the Bank with an annual environmental report on environmental, health and safety issues.

Technical cooperation:

The Italian Government will provide an additional amount of EUR 2,000,000 to be used to provide advisory services and other technical cooperation in respect of investment screening activities which may generate, directly or indirectly, investments for financing under the Western Balkans Facility, investment due diligence, post-investment advisory and monitoring activities and such other activities as the Bank and the donor may agree. For consultant opportunities for projects financed by technical cooperation funds, visit [procurement of consultants](#).

Company contact:

n/a

Business opportunities:

For business opportunities or procurement, contact the client company.

D.

Project name:

Bank Republic - Loan

Country:

Georgia

Project number:

36596

Business sector:

Lending to banks

State/Private:

Private

Environmental category:

FI

Board date:

24 January 2006

Status:

Passed final review, Pending board approval

Date PSD disclosed:

13 December 2005

Date PSD updated:

Project description and objectives:

The proposed project will allow Bank Republic to meet the growing demand from Georgian micro and small enterprises for medium-term financing, an area which is underserved. This will enable the bank to increase its competitiveness in the local market and diversify its customer base.

Transition impact:

Transition impact will be achieved through strengthening a competitive bank and broadening its outreach to smaller entrepreneurs who traditionally have little access to medium term funding. Further, the outreach will provide more financial alternatives to small businesses and foster competition. The project will support institution-building by introducing established and successful MSE lending technologies including training staff, selection of quality borrowers and strengthening loan marketing and monitoring. Overall, it is anticipated that financial intermediation will be increased.

The client:	Bank Republic, founded in 1991, is the sixth largest private commercial bank in Georgia by total assets and one of the top four in terms of profitability.
EBRD finance:	EBRD financing will consist of a USD 3 million five-year MSE senior loan.
Total project cost:	USD 3 million.
Environmental impact:	Bank Republic will comply with EBRD's Environmental Procedures for Small and Micro Loans, which include: compliance with applicable national environmental, health, safety and labour requirements; adherence to the Environmental Exclusion and Referral Lists, submission of annual environmental reports to the Bank as well as nomination of a member of Bank Republic senior management to be responsible for environmental issues.
Technical cooperation:	Bank Republic has recently been included in the Small Enterprise Lending Programme (SELP) which provides MSE institution-building assistance to two other banks in Georgia. The existing TC contract (EUR 1.35 million) is funded by EU and will run until end 2006. For consultant opportunities for projects financed by technical cooperation funds, visit procurement of consultants .
Company contact:	Lado Sakvarelidze, Relations with IFIs E-mail: Lados@republic.com.ge
Business opportunities:	For business opportunities or procurement, contact the client company.

E.

Project name:	Uksnab
Country:	Ukraine
Project number:	35727
Business sector:	General manufacturing
State/Private:	Private
Environmental category:	B
Board date:	24 January 2006
Status:	Passed final review, Pending board approval
Date PSD disclosed:	9 December 2005
Date PSD updated:	
Project description and objectives:	<p>The proposed project is an equity investment in Closed Joint Stock Company Uksnab. The investment will be executed in two subscriptions:</p> <ul style="list-style-type: none"> Phase 1 will consist of expansion of manufacturing facilities to a wider range of commercial refrigeration equipment.

- Phase 2 will consist of investment in further expansion of the Company's production and will be implemented on successful completion of Phase 1.

Transition impact:

- The proposed project will promote greater competition in sector by launch of new production of a wider range of international quality commercial refrigeration equipment not currently available in Ukraine
- the EBRD participation in Uksnab's equity will strengthen the Company's corporate governance standards
- Uksnab will purchase advanced Western technology, which meets EU environmental standards, environment and health protection equipment and implement Environmental Management System (ISO 14001). It will serve as the sector benchmark for existing and new producers.

The client:

Uksnab, a closed joint stock company located in Krasnoperekopsk, Crimea, is a competitive producer of commercial refrigeration equipment with a leading position in certain market segments.

EBRD finance:

An equity investment of EUR 12.4 million to be executed in two subscriptions.

Total project cost:

EUR 17.9 million, of which EBRD financing represents 35%.

Environmental impact:

Environmental classification and rationale

The project was screened B/1, requiring an Environmental Audit and Environmental Analysis in line with the Bank's Environmental Policy and Public Information Policy. The modernisation and expansion of an existing beer coolers assembly plant to a wider range of commercial refrigeration equipment is associated with a number of environmental issues, which can be readily identified, assessed and mitigated as part of an Environmental Analysis. An Environmental Audit of the existing facilities was undertaken to determine environmental risks and liabilities.

Key environmental issues and mitigation

Environmental issues associated with the manufacture of commercial refrigeration equipment are fairly specialized and consist of hand assembly of components, mainly manufactured externally. Some light manufacturing is undertaken on site and environmental issues are associated with mechanical tooling and assembly. This is associated with small use of oils, lubricants, degreasers as well as paints used for coating of products. The painting operations will fall under EU VOC requirements, and use of low emissions paint pistols is planned. A component of operations is the injection of the coolant itself (R-134a) and on site testing. These emissions, although small, are being quantified and plans exist to review current operations to reduce fugitive emissions. R134a is not a banned substance and still in commercial use. Plant operations also include the preparation of a polymer/foam and small quantities of hazardous chemicals are used on site.

Plant operations are not associated with process effluents nor with

the generation of significant quantities of waste. However, some hazardous and non hazardous waste needs to be disposed in licensed landfills. At present this is not well organized, and much of the waste ends up in the municipal landfills. As part of the environmental action plan this will be addressed to reduce environmental and human risk.

Contaminated land was not judged as a significant issue, although further investigations are planned. The local chemical works have a significant impact on the local environmental quality. This is a regional issue, beyond the scope of this specific project.

Environmental opportunities

The project will allow for some environmental improvements, and the management is tracking both domestic as well as international environmental legislation to ensure that products meet international standards. This includes the need to ensure RoSH and VOC Directive requirements are met. The project will allow for further expansion of the operations and incorporation of dedicated social amenities as well as strengthening overall corporate environmental, health and safety management.

Summary of Environmental Action Plan

The company will be required to adhere to Ukrainian and EU environmental, health and safety regulations and standards. All relevant permits will need to be obtained during the planned expansion period and prior to commissioning the new production lines. An Environmental Action Plan has been agreed with the Company, focusing on improving waste management operations, monitoring of emissions as well as ensuring all appropriate permits are in place. An environmental management system will be developed at the plant within the next 2 years.

Disclosure of information and consultation

In the context of the EBRD's participation in the project, the Company has released locally a summary of relevant environmental issues associated with the project and summarise mitigation measures, action plans and other initiatives agreed.

Monitoring and reporting

The company will monitor the environmental impact of its operations in accordance with national law and regulations. The Bank will evaluate the project's compliance with the applicable environmental and social requirements during the lifetime of the project by reviewing annual environmental reports prepared for the project covering:

- (i) ongoing performance of project-specific environmental, health and safety activities as reflected in the results of periodic and quantitative sampling and measuring programmes, and
- (ii) the status of implementation of environmental mitigation and improvement measures. The Bank's representatives will also conduct periodic site supervision visits when deemed appropriate.

If required, the Bank will carry out monitoring visits to the plant.

Technical cooperation:

None.

For consultant opportunities for projects financed by technical cooperation funds, visit [procurement of consultants](#).

Company contact:

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Business opportunities: For business opportunities or procurement, contact the client company.

F.

Project name: Rousse Water Investment Project
Country: Bulgaria
Project number: 36142
Business sector: Municipal and environmental infrastructure
State/Private: State
Environmental category: B
Board date: 21 February 2006
Status: Passed final review, Pending board approval
Date PSD disclosed: 8 December 2005
Date PSD updated:

Project description and objectives: The proposed project provides finance to upgrade and expand water and wastewater infrastructure of the Rousse Regional Water Company and improves its financial and operational performance. The project is designed to complement significant ISPA grant investment finance. The Bank will focus on renovation of the water transmission main, while ISPA grant funds will be used for water and wastewater infrastructure investments, including a construction of a new wastewater treatment plant. The proposed project would be the second ISPA co-financing of a local water utility following the financial close of the Bourgas Water and Wastewater project in June 2005.

Transition impact: This transaction has a significant transition impact set in the context of the overall Bulgaria Water and Waster Facility (BWVF) for EUR 60 million. The sources of Transition Impact are threefold:
(i) establishing an effective legal and regulatory framework for municipal finance;
(ii) commercialisation of the operating company as a model for future cities under the BWVF and
(iii) tariff reform.

Support for the commercialisation of the Company and for institutional improvements

Technical co-operation mobilised by the Bank will promote the commercialisation of the Company and improve its financial and operational performance. Milestones and targets agreed with the Company will be included as covenants in the Loan Agreement. Additional technical cooperation is planned to establish and support a Project Implementation Unit

Demonstration effect

The Operation would be the second transaction in Bulgaria where the Bank would lend directly to a state owned regional water company without a sovereign or municipal guarantee

Improved financial planning and management for the City of Rousse.

In order to help the City to improve its creditworthiness a Creditworthiness Enhancement Programme is planned to assist the City in defining and managing its budget, including its capital investment plans.

The client:

Rousse Water Company is a regional water supply and wastewater treatment company, 51 per cent owned by the State through the Ministry of Regional Development and Public Works, 32 per cent by the Municipality of Rousse and the remaining 17 per cent are shared among other smaller municipalities.

EBRD finance:

- EBRD loan to the Company: EUR 8.0 million
- Co-finance: EUR 35.1 million ISPA Grant
- Other sources; EUR 3.7 million
- EBRD TC Donor grant; EUR 0.7 million

Total project cost:

Total project cost is estimated to EUR 47.5 million.

Environmental impact:

The project was screened B/1.

The renovation of water transmission main (the part of the project which will be financed by EBRD) is associated with limited environmental impacts and will result in significant environmental benefits. Potential environmental impacts of this operation will be mitigated applying internationally recognised good management practices.

Technical cooperation:

Associated TC programmes are:

- Establishment of Project Implementation Unit (PIU) and assistance with tendering and project procurement: EUR 250,000 to be identified
- Creditworthiness Enhancement Program for Rousse Municipality EUR 200,000 to be identified
- Development of Financial and Operational Performance Improvement Plan: EUR 250,000 to be identified
- Creditworthiness Enhancement Program for Rousse Municipality EUR 200,000 to be identified
- Development of Financial and Operational Performance Improvement Plan: EUR 250,000 to be identified

For consultant opportunities for projects financed by technical cooperation funds, visit [procurement of consultants](#).

Procurement or tendering

Visit [EBRD Procurement](#)

Enquiries: Tel: +44 20 7338 6534 Fax: +44 20 7338 7472 Email:

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G.

Project name: Bericap Kazakhstan
Country: Kazakhstan
Project number: 36369
Business sector: General manufacturing
State/Private: Private
Environmental category: B
Board date: 24 January 2006
Status: Passed final review, Pending board approval
Date PSD disclosed: 6 December 2005
Date PSD updated:

**Project description
and objectives:**

- The operation will support investment in a manufacturing facility producing plastic closures (or lids) for the Central Asian food and beverage container market.
- The Company plans to construct purpose-built production facilities and relocate its operations in order to
 - (a) optimize costs;
 - (b) provide space for future expansion; and
 - (c) improve the environmental and worker health and safety characteristics of the plant.

Transition impact:

- Market expansion through forward linkage with the buyers of plastic closures and enhancement of the competitive business environment of smaller producers in the beverages, food, cosmetics and other industries, dependent on closures.
- Corporate governance impact lies in the adoption of sound environmental, health and safety standards (EAP is a condition of the Bank's loan).
- Skills Transfer.

The client:

Bericap Kazakhstan LLC is a plastic closures (container tops) producer, supplying Kazakhstan and other Central Asian markets from a local manufacturing base. It is part of the larger Bericap Holding Group.

EBRD finance:

USD 2.5 million senior loan.

Total project cost:

USD 2.5 million.

Environmental impact:

The construction and operation of the new plastic closures

manufacturing plant is likely to be associated with limited environmental, health and safety issues, which can be readily identified, assessed and mitigated. The facilities will be located in an industrial area. However, the land allocated for the project has never been used for any industrial activities before. There are no known environmentally or archaeologically valuable or sensitive areas in the vicinity of the site. For the above mentioned reasons, the EBRD has classified the project B/O, requiring an Environmental Analysis. The Environmental Analysis was carried out by EBRD Environment Department. The investigations showed that the Project will be structured to meet Kazakh environmental, health and safety requirements and EU environmental standards, and that the direct environmental, health and safety impacts during the construction and the operation of the new plastic caps plant would be insignificant and efficiently mitigated. Environmental protection measures will be fully incorporated in the project design.

Technical cooperation:

None.
For consultant opportunities for projects financed by technical cooperation funds, visit [procurement of consultants](#).

Company contact:

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Business opportunities:

For business opportunities or procurement, contact the client company.

III. ADDITIONAL INFORMATION AND ASSISTANCE:

- A. US Advocacy Center-EBRD Liaison Office (AC-EBRD):** AC-EBRD is an integral part of U.S. representation at the EBRD with a mandate to increase the effectiveness of U.S. participation in the Bank's projects. For more information about project opportunities at the European Bank for Reconstruction and Development (EBRD) please contact:

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Web: www.buyusa.gov/ebrd

Note: AC-EBRD can offer its services only to US companies. EBRD procurement opportunities can be viewed at www.ebrd.com/oppor/procure/opps/index.htm. An updated list of EBRD publications can also be found on the main website www.ebrd.com

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